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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/079,927	02/19/2002	Colleen George	020375-003300US	6495
20350	7590	06/09/2005	EXAMINER	
TOWNSEND AND TOWNSEND AND CREW, LLP TWO EMBARCADERO CENTER EIGHTH FLOOR SAN FRANCISCO, CA 94111-3834			BAYAT, BRADLEY B	
			ART UNIT	PAPER NUMBER
			3621	

DATE MAILED: 06/09/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

Application No.

10/079,927

Applicant(s)

GEORGE ET AL.

Examiner

Bradley B. Bayat

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 19 February 2002.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-30 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-30 is/are rejected.
- 7) ☒ Claim(s) 7, 25 is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☒ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- ☒ Notice of References Cited (PTO-892)
- ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- ☒ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
Paper No(s)/Mail Date See Office Action.
- ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_.
- ☐ Notice of Informal Patent Application (PTO-152)
- ☐ Other: \_\_\_\_\_.

5.0-0

## **DETAILED ACTION**

### **Status of Claims**

This communication is in response to application filed on 19 February 2002. Claims 1-30 are presented for examination on the merits.

### ***Oath/Declaration***

Applicant is required to submit a declaration or oath to correct the deficiencies set forth in the 'Notice to File Missing Parts of Nonprovisional Application' dated March 18, 2002. The examiner has reviewed the application file wrapper and applicant's communication dated May 28, 2002 with regards to the above referenced notice. However, an oath or declaration was not duly submitted. A properly signed oath or declaration in compliance with 37 CFR 1.63 identifying this application with the Application Number and Filing Date is therefore required.

### ***Information Disclosure Statement***

The information disclosure statements (IDS) submitted on 03/25/2002, 05/21/2003 and 03/26/2004 are in compliance with the provisions of 37 CFR 1.97 and therefore considered by the examiner.

### ***Claim Rejections - 35 USC § 101***

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1, 6 and 15 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

(1) whether the invention is within the technological arts; and

(2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a method claim to pass muster, the recited method must somehow apply, involve, use, or advance the technological arts.

In the present case, independent claims 1, 6 and 15 only recite an abstract idea. The recited steps of merely receiving information about a transaction and a loyalty program and performing a transaction do not apply, involve, use, or advance the technological arts since all of the recited steps can be performed manually by a user. Looking at the claim as a whole, nothing in the body of the claim recites any structure or functionality to suggest that a computer performs the recited steps. However, a mere recitation in the preamble (i.e., intended or field of use) or mere implication of employing a machine or article of manufacture to perform some or all of the recited steps does not confer statutory subject matter to an otherwise abstract idea unless there is positive recitation in the claim as a whole to breathe life and meaning into the preamble.

Although the recited method steps appear to produce a useful, concrete, and tangible result, since the claimed invention, as a whole, is not within the technological arts as explained above, claims 1, 6 and 15 are deemed to be directed to non-statutory subject matter.

#### ***Claim Objections***

The following claims are objected to because of the following informalities:

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- Claim 7: “instrument” should be preceded by “an.”
- Claim 25: reference to a “loyalty host” in the preamble does not clearly describe the nature of the claims as recited.

Appropriate correction is required.

***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 4, 5 and 21 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

The terms "substantially immediate" in claims 4 and 21 are relative terms, which render the claims indefinite. The terms are not defined by the claims and the specification fails to provide a standard or explanation for ascertaining the requisite degree, and one of ordinary skill in the art would not be reasonably appraised of the scope of the invention. Thus, the recitation providing a “substantially immediate” reward fails to particularly point out and distinctly claims the subject matter which applicant regards as the invention.

As per claim 5, the applicant recites “backing out of the loyalty process if authorization for the transaction instruction is denied.” It is unclear and indefinite whether “backing out” refers to a customer ceasing the transaction or a transaction terminating due to the failed authorization. The applicant must particularly point out and distinctly claim the subject matter which applicant regards as the invention.

***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

**Claims 1-30 are rejected under 35 U.S.C. 102(e) as being anticipated by Chien et al. (hereinafter Chien), US Patent Application Publication 2001/0054003 A1.**

As per the following claims Chien discloses:

1. A method for operating a loyalty program integrated with a financial infrastructure, the method comprising:

- receiving a transaction instruction initiated by a customer at a merchant (§8);
- determining whether the customer and merchant are participants in the loyalty program (§8, 9);
- executing a loyalty process in accordance with the loyalty program if the customer and merchant are participants (§10-11); and
- transmitting the transaction instruction to the financial infrastructure (§12).

2. The method recited in claim 1 further comprising transmitting an authorization determination received from the financial infrastructure to the merchant (§35).

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3. The method recited in claim 1 wherein the transaction instruction is received from a point-of-sale terminal (§13).

4. The method recited in claim 1 wherein executing the loyalty process comprises transmitting an instruction to the merchant to provide a substantially immediate reward in accordance with the loyalty program (§33-34).

5. The method recited in claim 1 further comprising backing out of the loyalty process if authorization for the transaction instruction is denied (§72).

6. A method for operating a loyalty system, the method comprising:

- maintaining a loyalty host including administration criteria for each of a plurality of distinct loyalty programs comprised by the loyalty system (§28, 34);
- receiving transaction information at the loyalty host for a transaction between a customer and a first merchant enrolled in at least one of the loyalty programs (§9-10); and
- augmenting a point total for the customer in accordance with the transaction information and with the administration criteria for the at least one of the loyalty programs, wherein the augmented point total is available to be applied by the customer towards a reward from a second merchant enrolled in the at least one of the loyalty programs substantially immediately after execution of the transaction (§52-54).

7. The method recited in claim 6 wherein the transaction information identifies an issuer of a instrument used by the customer to participate in the at least one of the loyalty programs (§49-50).
8. The method recited in claim 7 wherein the first and second merchants assign different values to the point total, the method further comprising performing point-settlement functions among the merchants (§65-66).
9. The method recited in claim 7 further comprising providing a report regarding point status to the issuer (§33).
10. The method recited in claim 7 wherein the instrument comprises a magnetic-stripe card (§30).
11. The method recited in claim 7 wherein the instrument comprises a chip card (§30).
12. The method recited in claim 6 further comprising transmitting an instruction from the loyalty host to the second merchant to provide the reward in response to receiving the transaction information for the transaction between the customer and the first merchant (§29, 52-54, 58).
13. The method recited in claim 6 further comprising providing details of the customer's status



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within the at least one of the loyalty programs to the customer (figure 7, loyalty account balance status after transaction).

14. The method recited in claim 13 wherein the details are provided over the internet (§41).

15. A method for operating a loyalty program, the method comprising: maintaining customer records for the loyalty program in a central database (§33); receiving transaction information for a transaction between a customer and a first merchant enrolled in the loyalty program (§34-35), wherein the transaction information is initiated from a chip card that identifies the customer (§30, smart card); and modifying the customer records in accordance with the transaction information (§64).

16. The method recited in claim 15 wherein the central database comprises a distributed database (§31).

17. The method recited in claim 15 wherein the loyalty program is one of a plurality of loyalty programs and maintaining customer records comprises maintaining customer records for the plurality of loyalty programs in the central database (§68-69).

18. The method recited in claim 15 further comprising transmitting an instruction to a second merchant to provide a reward in response to receiving the transaction information for the transaction between the customer and the first merchant (§70-71).

Claims 19-30 are directed a to computer readable storage medium and program of the above method claim and are therefore rejected as above.

*Examiner has pointed out particular references contained in the prior arts of record in the body of this action for the convenience of the applicant. Although the specified citations are representative of the teachings in the art and are applied to the specific limitations within the individual claim, other passages and figures may apply as well. It is respectfully requested from the applicant, in preparing the response, to consider fully the entire references as potentially teaching all or part of the claimed invention, as well as the context of the passage as taught by the prior arts or disclosed by the examiner.*

#### **Conclusion**

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

- US Patent Application Publication 2003/0182247 A1 by Mobed et al.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Bradley B. Bayat whose telephone number is 571-272-6704. The examiner can normally be reached on Tuesday-Friday 8am-6: 30pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Trammell can be reached on 571-272-6712. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

A handwritten signature in black ink, appearing to read "Bradley Bayat", with a stylized horizontal line extending from the end.

Bradley B. Bayat  
Patent Examiner  
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